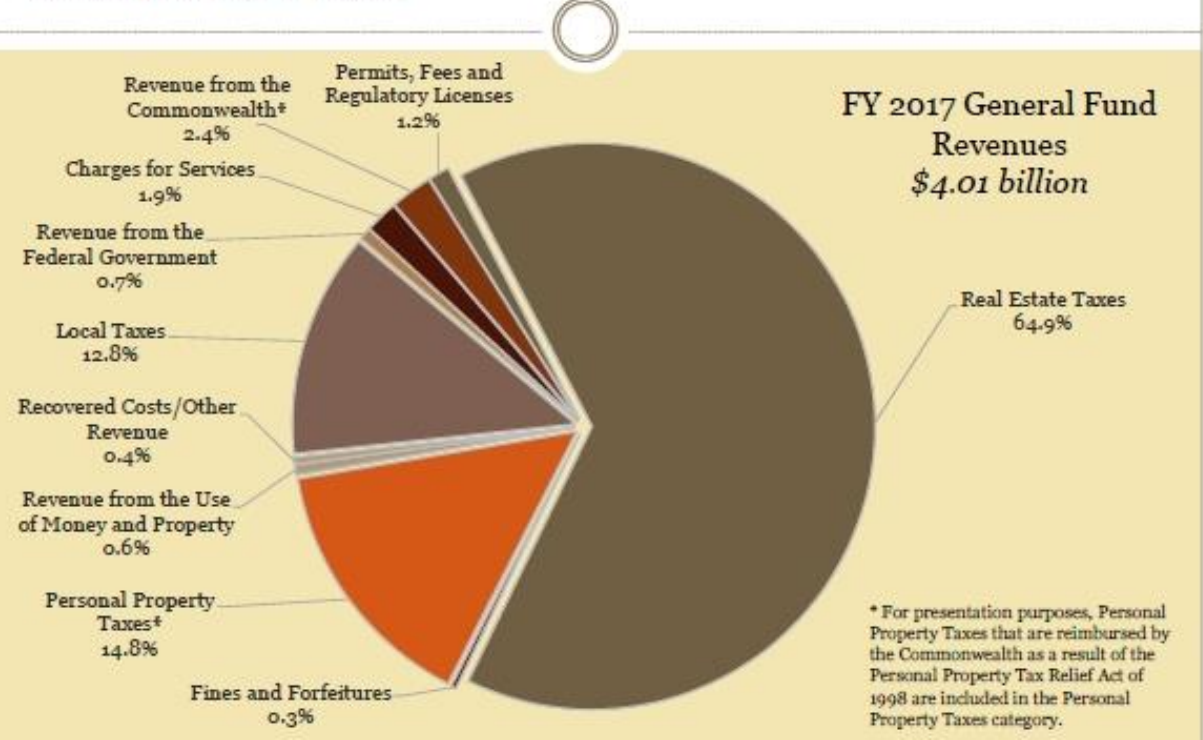


# **Hunter Mill District Citizen Budget Committee**

Fiscal Year 2017 Budget Analysis Report

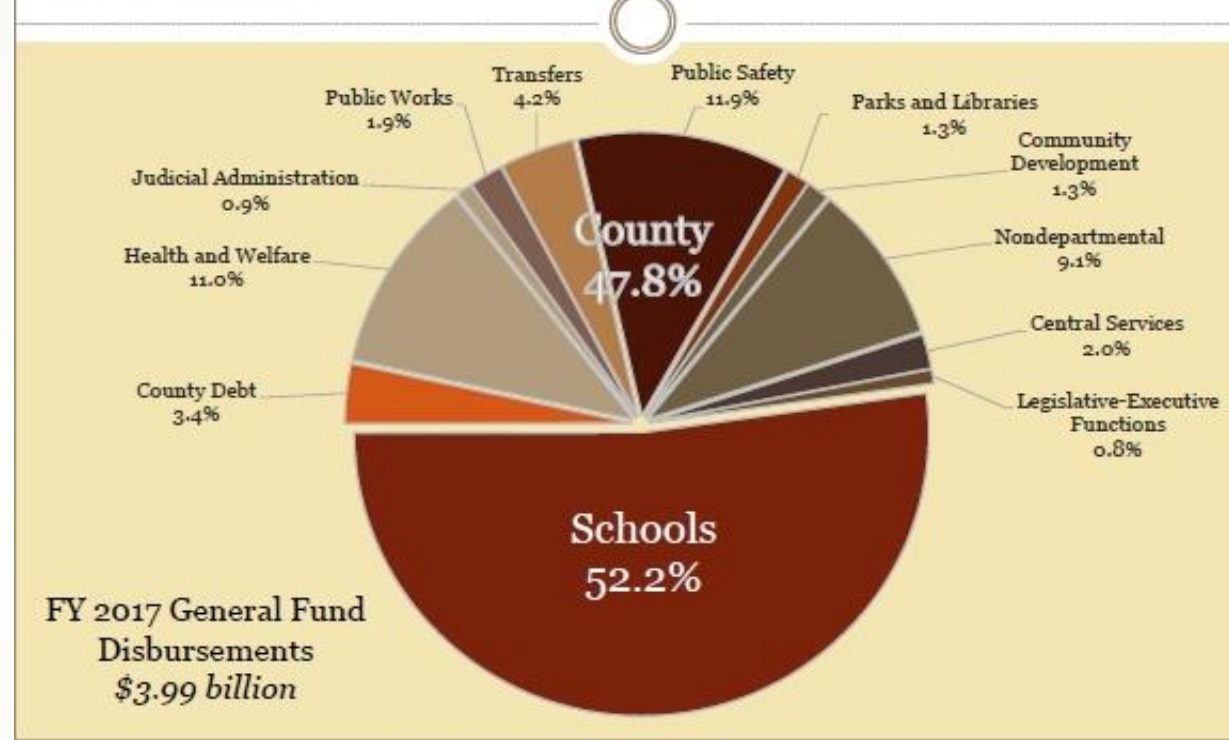
# General Fund Revenues

## FY 2017 Advertised Budget: "Where It Comes From"



# General Fund Expenditures

## FY 2017 Advertised Budget: "Where It Goes"



# Presentation Themes

- ▶ Prioritizing Cost Effective Programs
- ▶ Finding New Revenue Streams
- ▶ Re-evaluating existing programs to achieve the new normal

# Prioritizing Cost Effective Programs

- ➡ Fairfax County must use its resources to mitigate current problem areas before they becoming more costly
- ➡ Judicial system
- ➡ Mental Health Resources
- ➡ Human Services and Housing
- ➡ Schools
- ➡ Environmental Protection

# Public Defenders and Probation Counselors

- ➡ Fairfax County sees 100% turnover in Public Defenders every 2-3 years
- ➡ Recommend supplementing starting salary of Public Defenders from \$54,000 to \$62,000 to create parity with Commonwealth's Attorney's staff



# Public Defenders and Probation Counselors

- Probation reduces jail costs
- National trend is towards probation rather than jail time
- Fairfax County probation counselors have almost double the recommended caseloads
- We recommend increasing staffing to bring caseloads closer to state standards and capability to work within national trends

# Diversion First Program

- Diversion First is far more cost effective means to deal with mental health conflicts

# Court Clerks: Commonwealth funded positions

- Turnover rate 44% in 2014-2015
- Alexandria, Arlington and Falls Church provide a 15% supplement for these positions
- Recommend providing 15% supplement for these positions



# Housing

- From FY2016 to FY2017, the local match in non-county funds leveraged for every dollar invested, has declined from \$3 to \$5 (40% decrease)
- **Approximately \$5 in non-County funds leveraged for every County dollar invested**
- Proffer-based incentive systems, such as housing dwelling unit policies with inclusionary zoning provisions could be affected with the passage of 2016 state legislation passage of SB 549
- Promote programs within the blueprint Housing First that end the chronic homeless and/or families who are utilizers of public systems to reduce the high cost of supporting these individuals in shelters and moving them toward better self-sufficiency.

# Human Services

- ➡ Within the \$1.5M for special education graduates with intellectual disability, an emphasis should be on researching the successes within the Self-Directed Services (SDS) program, which reduces recurring annualized costs avoided of approximately \$4,500 per person achieved by eliminating CSB as the pass-thru entity. In FY 2015 58 families participated in SDS.

# Fairfax County Public Schools

- Since FY 2009, the State has reduced its share of K-12 educational funding in Fairfax County
- Pressures upon FCPS to maintain a quality school system in the face of budget constraints poses tremendous challenges
- Compensation is FCPS' largest expenditure and directly impacts its ability to be competitive with surrounding school systems
  - An investment to improve teacher salary scales to attract and retain the highest quality teachers is fundamental to the County
  - Add two bullets on schools – priorities and LOBS

# Fairfax County Stormwater Program - 1

- Fairfax County plays an integral role in the efforts to reduce water pollution at state, region, and national levels. As such the County's Department of Public Works and Environmental Services (DPWES) coordinates with and is regulated by:
  - EPA
  - FEMA
  - Municipal Separate Storm Sewer Systems in Virginia

# Fairfax County Stormwater Program

- ➡ Fairfax County faces significant outlays for Stormwater expenditures for the next 15 years, and possibly well beyond
- ➡ DPWES projects the 15 year cumulative construction costs to total \$1,500M
- ➡ The EPA is ramping up its enforcement actions, resulting in severe penalties for permit violations and inadequate management practices
- ➡ **The County should adopt the 5 year tax rate schedule recommended by DPWES**



# Finding New Revenue Streams

- Reductions from state entitlements continue to strain the budget
- Compensatory revenue streams must be created or increased, placing less of a burden on residential real estate taxpayers
- Consider going to the Commonwealth for taxing authority on the implementation of the meals tax and increasing other taxes (i.e. cigarette tax to regional equivalents) to better diversify the income
- Encourage citizen reporting of tax-delinquent offenders

## Fairfax County Potential FY 2017 Revenue: If Equal Taxing Authority as Surrounding Cities (\$ in millions)

Jurisdiction	Meals Tax	Transient Occupancy	Cigarette Tax	Total Revenue	Revenue Increase
Fairfax County: FY 2016 Projected Revenue at Current Rates	A 1% tax=est. \$22.5m. Counties in VA are capped at a 4% tax = est. \$90.0m in FY 2016	\$21.1 4.0%	\$7.1 30¢ / pack	= \$28.2	
Revenue @ Town of Vienna Rates	\$67.5 3.0%	\$15.8 3.0%	\$17.8 75¢ / pack	\$101.1	\$72.9
Revenue @ Fairfax City Rates	\$90.0 4.0%	\$21.1 4.0%	\$20.1 85¢ / pack	\$131.2	\$103.0
Revenue @ Alexandria Rates	\$90.0 4.0%	\$34.3 6.5%	\$27.2 \$1.15 / pack	\$151.5	\$123.3
Revenue @ Falls Church Rates	\$90.0 4.0%	\$36.9 7.0%	\$17.8 75¢ / pack	\$144.7	\$116.5



# Personal Property Taxes

- The tax rate of \$4.57/\$100 has not changed since 1988 and is 8.6% lower than neighboring Arlington and Alexandria.
- Can there be a re-allocation of how tax relief for personal property (PPTRA) captures the 38% loss that is seen by diminished funding from the state?
- Investigate a tiered system that would be less regressive (i.e. 100% of the first \$5,000 (currently at \$1,000), then distribute a % of the next \$15,000)

# Emerging Business Tax Opportunities

- For new sharing economy rental platforms, check enforcement of business licensing for those with incomes over \$10,000 in gross receipts and codify transient occupancy taxing authority of those businesses (including such as AirBnB and ride sharing entities)

# Property Rentals

- Look at property rentals, meeting facilities and special holiday events as an entrepreneurial opportunity.
  - NOVA Parks has dramatically changed their structure by special events and by having their own exclusive catering company with alcohol service, which is allowing them to improve and expand facilities

# Additional Revenue- State Support

- The greatest budget problem is the reluctance of the state to fulfill mandated funding
- Out of every dollar Fairfax sends to the state, only 28 cents are returned
- Every means possible should be used to increase this value

# Increase funding for business development

- Start release activity on end-of-lease properties early (property should not sit empty, collecting no revenues)
- Look at property rentals, meeting facilities and special holiday events as an entrepreneurial opportunity

# Re-evaluating existing programs to achieve the new normal

- Large cost of building police force
- Potential skyrocketing of employee benefits



# Public Safety Recommendations

- Delay additional police hiring
  - The population in Fairfax County has increased the crime rates remain low
  - Exponential increase of cost in salary and benefits over time push real cost overtime up considerably
  - Suggest reassigning officers, especially school resource officers, to help when needed (including staffing of new South County Police Station)
- Polygraph Examiner Positions
  - County should research contracting positions

# Employee Benefits

- Health Care
  - The Health Care Excise Tax will be implemented beginning in 2020, and the County will need to address this
- Optimizing Benefits
  - Implement cost saving measures in the assessment recommendations of the Retirement Benefits Study
  - The conflict between the Social Security supplement feature vs. the DROP features should be reviewed
  - The exposure to the County in the way that the County's sick leave policy interacts with the defined benefit plan

# Change Retirement Package

- County provides a pension for an employee that works for 20 or 22 years and that pension needs to last 30 – 40 years
- Defined Benefit plan has unlimited future cost potential to county while Defined Contribution plans have only current costs
  - Look into switching from DB to DC
- DB plans
  - Outdated, very few private companies still use them
  - Caused many large companies to go bankrupt
  - Employees lose pension when company can no longer pay

# Committee Members

- Rick Slater - Chair
- Rona Ackerman
- Randy Cate
- Curtis Clinton
- Rob DiTulio
- Emeka Ezidinma
- Lancelot Farquharson
- Carey Sienicki
- Tim Thompson